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SOURCE Northeast Economic Report, Northeast Resources Survey Committee, 1948.

GRAIN STORAGE IN MANCHURIA

The chief motive of bulk storage by the former Manchukuo railroads was for convenience in transportation; so that it was not storage for the sake of storing, but for the sake of moving.

Bulk storage is to be distinguished from specific item storage in that the latter implies the return of the original article in the original condition at the end of the storage period, while in the former, the contract is satisfied by the delivery of an equivalent amount of goods of the same type and quality. Bulk storage applies to kerosene, alcohol, grains, cotton, etc.

During the Manchukuo regime, railroads, ports, etc., were all under one company, so that the operations of transport, storage, unloading, etc., could all be unified under one system. This system prevails in the US, USSR, Germany, Austria, and other countries. Ownership may remain with the shippers or be transferred to consignees as a loan.

Since the shippers combine for bulk storage, the warehouseman may:

1. Mix the goods as he deems best.
2. Release goods to any owner without first obtaining permission from other owners.

On the consignee plan, the warehouseman has more control over the goods during the life of the contract, and hence his reliability must be thoroughly investigated.

3. This modern method of bulk storage has been applied in Western countries to petroleum, grain, cotton, etc. In Manchukuo it was limited to beans, wheat, bean oil, bean cake, etc., in bulk and semibulk form.

The advantages of this method of storage include: negotiability of warehouse receipts, economy in storage costs, raising of reputation and price, flexibility of currency, greater capacity, and easier control. Special

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benefits in the Northeast are briskness of movement, adding to railroad efficiency, and dispersal of receiving and discharging stations, with consequent adaptability of storage capacity. Another benefit is standardization of inspection, which results in accepted values.

Beans and bean products constitute 50 percent or more of the Northeast exports. As business grows, the demand for storage will increase.

Bulk storage in the Northeast began with the former South Manchuria Railway bean-cake warehouses in 1914 which included those at the Dairen docks. Success with these warehouses led to a similar scheme for beans in December 1919. Oil storage was added in 1921, and wheat in 1929. When full monopoly of farm products was set up in 1941, the 30-year old system became obsolete.

Provisions of Former South Manchuria Railway System

1. Method

- a. Beans, bean oil, bean cake and wheat of various owners may be mixed as bulk storage.
- b. The quality of beans, etc., shall be the same in all lots combined.

2. Common Ownership

- a. All bulk storage beans, etc., shall be the common property of all holders of warehouse receipts.
- b. All common ownership shall date from the signing of storage contracts.

3. Delivery

- a. When a consignor or receipt holder asks for delivery, the warehouseman may deliver at once without asking permission of other consignors.
- b. Materials so delivered shall be of the same quality as materials consigned.

Bulk storage materials should be highly interchangeable in nature, staple in quality, and such as can be marketed and transported. These are indispensable conditions. Hence graded beans, bean oil and round bean cakes are acceptable for bulk storage. Other bean products are not.

Since beans and bean derivatives are Manchuria's outstanding products, and dominate the economy, special measures are taken for their grading, handling, and marketing. There must be inspection to prevent spoilage. Before 1941, all these operations were undertaken by the South Manchuria Railway.

To further bulk storage, the South Manchuria Railway designated all stations in food-producing areas as acceptance stations. All marketing points and export harbors were designated as delivery stations. Large warehouses were built. Before the restoration, more than 400 stations and wharves, (including those on the Sungari River) had been designated as acceptance points, with Ying-k'ou, Dairen, and An-tung (in addition to two Korean ports) as delivery points. In February 1941, there was a total of 750 railroad points collecting or distributing beans and/or bean products. Ho-pei, located across the river from Ying-k'ou, was named as the discharge point for bean cakes, and Dairen for bean oil.

Before a storage contract was signed, all goods were carefully graded. This was done by the railroad warehouse until means were established for government inspection of farm products.

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The following rules were in force prior to February 1941:

1. Soybean Standard

a. Quality: There were five grades, AA, A, B, C, and D, all containing less than 15 percent moisture.

b. Weight: Weight was calculated for bulk storage by using burlap bags containing standard weight, which is basic weight plus reserve allowance, the latter depending on time of inspection. Basic weight was 85.2 kilograms; reserve weight to be added was 0.3 kilograms, October to March inclusive; 0.6 kilograms, April to September inclusive.

c. Packaging: In designated standard bags.

2. Bean-Cake Standards

a. Form: Generally bean cakes were in disk form, 8.5 centimeters thick, 58 centimeters in diameter.

b. Weight: Standard average weight was basic weight plus reserve allowance. The basic weight was 27.6 kilograms. The added allowance, varying with time and place was calculated as follows: that inspected from October to February inclusive, 0.05 kilograms; 5 March to 31 May and 1 - 30 September, 0.25 kilograms; 1 June to 31 August, 0.50 kilograms. A further supplement of kilograms was made at all inspection points other than An-tung and Ying-k'ou.

Under the former railroad storage plan, 6 months was the storage period for grades AA, A, B, of beans and 4 months for grades C and D. On the average, 4 months worked out as the most suitable.

Between 1927 and 1942, the actual average storage time of beans ranged from 25.5 days (1949) to 57.1 days (1941). For bean cake, the range was from 11.7 days (1928) to 24.1 days (1932). These periods seem fairly long. Much of the stuff contained 15 percent moisture, so weight was lost through drying. The South Manchuria Railway fixed a scale as follows:

1. Beans, grades AA, B, 0.5 percent.

2. Beans, grades C, D, 1.5 percent.

3. Bean cake delivered between 1 October and 31 May, 0.5 percent.

4. Bean cake delivered between 1 June and 30 September, 0.5 percent [sic].

5. Consignors of bean oil were required to add one kilogram per ton at the beginning of storage to allow for shrinkage. This allowance need not have been demanded on return.

The railroad provided that 30-ton cars would have a capacity of 352 sacks of beans, each sack having 85.2 kilograms basic weight; or 1,120 bean cakes, each with a basic weight of 27.6 kilograms. Cars of 33-ton capacity would carry 387 sacks of beans, or 1,200 bean cakes. Cars of 36-ton capacity, 422 sacks or 1,500 cakes. The procedure was finally simplified by taking 30 tons as the unit.

Since all stations sent bean oil to Dairen for discharge, 10 tons was always taken as the unit of weight.

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Former Regulations Governing Establishment of Storage Contracts.

1. Application shall be made in regular form, on the basis of inspection at the time, and contracts made in the order of receiving application.
2. In the case of a private line into a station, there still shall be a further check before loading.
3. At special receiving stations, where facilities are crude and service irregular, there must be assurance of movement within 2 days to avoid spoilage or other damage.
4. Consignors from outside the area of a special receiving stations may store under special arrangements.
5. Under special or unexpected conditions, provisional arrangements for storage may be made.

When goods are delivered, the storage contract is cancelled, When all the goods disappear through uncontrollable causes, the contract becomes void.

During bulk storage, when loss or damage arises because of any of the following reasons, it shall be borne by the several owners in common; any part that cannot be covered by indemnity shall be borne in common by the owners:

- a. Natural disasters, political turmoil, official punishment, plague prevention, weather, bandits, or other unavoidable damage.
- b. Loss resulting from nature of goods or inferior packing.
- c. Unavoidable loss resulting from fire, bombing, dampness, flooding, rodents or insects.
- d. Other losses not resulting from deliberate or careless action by the warehouseman.

The warehouseman is responsible for all other damage and must pay indemnity.

Under the old system, bulk storage was used to facilitate shipping and marketing. Moving was done in carload lots, which helped to open trade and develop the economy.

Former Regulations Governing Delivery of Stored Goods

1. To facilitate storing, the consignor may not take delivery of only a portion of goods, except as required by boat shipment, or as a remnant.
2. Delivery may be delayed by disaster or other causes interfering with the warehouseman's control.
3. When mutually agreed upon, delivery may be made on a private siding in station grounds.
4. When receiving and delivery stations are at the same place, delivery may be made at any time.
5. When they are not at the same place, delivery may not be made until after one of these intervals.
 - a. Transport preparation period -- 2 days from the signing of the contract.

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b. Transport performance period -- 2 days for each 130 kilometers or fraction thereof; minimum, 5 days.

Since the system of bulk storage was set up for beans, bean oil, and bean cake in the Northeast, the whole trade has been gaining in strength. In 1938, bean contracts reached a peak of 2,600,000 tons. After the government monopoly was established, trade and storage both diminished in amount. Bean cake attained a maximum of 1,162,000 tons in 1922, and bean oil a maximum of 35,000 tons in 1934.

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